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SERVICE DATE - JUNE 23, 2003

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 34360]

Sierra Railroad Company–Corporate Family Transaction Exemption–Yolo Shortline Railroad Company

Sierra Railroad Company (SRC)¹ and Yolo Shortline Railroad Company (YSL), both Class III carriers, have jointly filed a verified notice of exemption for approval of a proposed intercorporate transaction by which SRC's common carrier rights and obligations will be transferred to its subsidiary YSL. As a result of the transaction, the operations of SRC and YSL will be combined within YSL and SRC will be a noncarrier entity in control of YSL.

The transaction is expected to be consummated by June 30, 2003.

The purpose of the transaction is to allow SRC and YSL to combine their resources, to expand their business opportunities, and to develop other railroad and transportation related businesses.

¹ This filing is related to STB Finance Docket No. 34351, Sierra Railroad Company–Acquisition of Control Exemption–Yolo Shortline Railroad Company, in which SRC and YSL jointly filed a verified notice of exemption on May 12, 2003, for SRC to acquire control of YSL through stock purchase of YSL's parent, Midland Railroad Enterprises Corporation. This notice was served and published on June 11, 2003.

This is a transaction within a corporate family of the type specifically exempted from prior review and approval under 49 CFR 1180.2(d)(3). The parties state that the transaction will not result in adverse changes in service levels, significant operational changes, or a change in the competitive balance with carriers outside the corporate family.

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

If the notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 34360 must be filed with the Surface Transportation Board, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Michael G. Hart, 220 Sierra Avenue, Oakdale, CA 95361 and David Magaw, 341 Industrial Way, Woodland, CA 95776.

Board decisions and notices are available on our website at ‘WWW.STB.DOT.GOV.’”

Decided: June 13, 2003.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary